G. R. S. 58]

Previous references.

1915-16
(S.F)

File No. 58-15

Serial Nos. 8

Later references.
S.F 41-14 20, 24, 31, 32 & 33)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 8.

Part B for July 1916.

SUBJECT.

Bank of Mysore Ltd:-

To

The manager, Bank of Mysore Ltd.

No. FR 223 dt 7-7-1916.

Informs that Govt have decided that the rate of interest on the interest bearing deposit left by Govt with the Bank may continue at 3 p.c. for a year from the date of the expiry of present term viz 30th April 1916.

W D 1351—GPB—20,000—13-12-15

1915

H dis 983-15

G. R. S. 11] 1915-16

GENERAL AND REVENUE SECRETARIAT.

(Gl Finance

NOTES.

File No. 58-15

FILE HEADING.

Bank of Mysore LD

From

No.	Dated	Received

Diary No.	Enclos. .. Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

Q 1) Kind attention is invited to D.O
No H 965/B 58-15-1 & 27.8.1915 inti-
mating to the Managers of the Mysore
Bank that the rate of interest on

NOTES—First Sheet.

GPB.-20,000—8-8-14

(2)

G. R. S. 12]

General and Revenue Secretariat. | Fl mis File No. 983 of 191 5.

Serial No.

on the interest bearing deposit left by Govt with the Bank may continue at 3 p.c. per annum for another year from 1st May 1915

2 It is a matter for consideration & orders whether the rate of interest is to be changed or continued as at the present rate.

Fl. misc No. 983 of 15

But 31/3

3. The rate may ~~be~~ well be raised to 4 or 4½ % at the least

FL Sec?) he 15/3

4. The bank allows 4½ % to other depositors for one year fixed. The same rate should be charged by Govt for the interest-bearing part of their deposit.

14-20 Current market rate Bank rate is 8%

M

M 28/3

18th December)

5) From 1st May 1916, the rate may, I think, be 4 P.C.

Hmm 31/3/16 M.M.

Dewan

5246

1.4.16

NOTE—Contn. sheet.

GPB—70,000- 17-12-15

5246

(3

G. R. S. 12]

General and Revenue Secretariat. | Fl. Mis File No. 983 of 1915.

Serial No.

(6) The Bank authorities may be unofficially consulted and their views, if any, submitted with the file.

8.4.16 DO

MR (7) Put up draft D.O to the Manager of the Bank - hg 8.4.16

Draft D.O sched.

ml 10/4 MR FUser) hg 10.4.16

1587

8 Camp chitmayan. MR 11/4

9 Issue hg 11.4.16

To the Manager Bank of Mysore

D.O No H 5465 / 14-4-16

Requests to intimate at his earliest convenience the views of the Bank authorities regarding the rate of interest to be charged on the interest bearing portion of the fourth deposit from 1st May onwards & suggests for reasons stated that the Bank should pay fourth at least the same rate as it allows on fixed

NOTE—Contn. sheet.

GPB—70,000—17-12-15

2825/

(4

G. R. S. 12]

General and Revenue Secretariat. Revenue File No. 983 of 1915.

Serial No.

Deposits of the Funeral public

from the Manager Bank of

Bagamoyo

Rs 6/11/5- dd 19-4-1916

conveys the opinion of

the Directors on the question

(a) Kind reference is invited to

the remarks of the Financial Secretary

recorded in paras 19 & 20 of the notes

on f. 2 S.8-15 dd 13 August 15

bearing on the present question.

Q

19) In the instance of the Securities

stated quoted in the paper under

disposal, it may be noted that

the whole amount of 20 Cases

lodged with the Bank bears interest

at 3½ p.c - whereas the Bagamoyo Bank

has got 5 Cases of Govt money without

any interest & this apart from other

Concessions.

Sealed.

1636/20

Asst Bkpr 22/4

Asst Secy

Bkpr 22/4

(b) The rate may be fixed at 4/. for one year

from 1.5.16.

M 24/4

NOTE—Contn. sheet.

5.768 25.4.1916

Dewani

GPB—70,000—17-12-15

2825

5

G. R. S. 12]

General and Revenue Secretariat. | Fl. Mis. File No. 983 of 1915.

Serial No.

5769

Flag O

(13) I would invite attention to para 7 of my submission note to His Highness the Maharaja, dated 3rd August 1915. I think we must deal generously with the Bank, for some years to come.

(14) Please circulate and bring up at a meeting of Council.

16.5.16.

Gulsey

P.T.O

NOTE—Contn. sheet.

GPB—70,000—17-12-15

(2)

6

(For disposal at a Meeting)

No. C. 413

12.5.1916.

GENERAL AND REVENUE SECRETARIAT.

Council Matter.

SUBJECT.

(Outside the Schedule).

15) Question of fixing the rate of interest to be recovered from the Bank of Mysore on the five lakhs of interest-bearing deposit of the Government of Mysore.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

D. M. Narasimha Rao.

Secretary to Government.

11th May 1916.

Extraordinary Member of Council.

242 / 12.5.16 **First Member of Council.** 12/5 one M/

526. / 12.5.16. **Second Member of Council.** 12.5.16 one M/

WD 2012—GPB—1 000—9-2-16

7

Extract from the Proceedings of the 384th Meeting of the Council of His Highness the Maharaja, held at Bangalore, on the 20th May 1916.

2. SUBJECT.-(Outside the Schedule).

Question of fixing the rate of interest to be recovered from the Bank of Mysore on the five lakhs of interest-bearing deposit of the Government of Mysore.

OPINION OF THE COUNCIL.

The existing rate of 3 per cent. may be continued for another year from the date of the expiry of the current term.

(Sd.) M.Visvesvaraya,
DEWAN OF MYSORE.

"EXTRACT"

D. M. Narasinga Rao 23/5

Secretary to Government,
General Department.

W. D. 1364.—GPB—500—14-12-15

(2) 2925 8

G. R. S. 12]

General and Revenue Secretariat. | G 2 File No. 58 of 1915.

Serial No.

(1) Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government, Financial Department, for favour of necessary further action.

By Order,

D. M. Narasimhalu 2/5

Secretary to Government,
General Department,

(2) Vide paras 4, 5 & 10 of the notes. I adhere to the view expressed in the last (i.e. 10)

24/5 D.S.V

D-S-V pl put up MR 25-5

(3) D.S.V is submitted (Clear) 26/5

1858

30/5 The less said of D.S.V may be put up 30/5

(4) (Clear) 116 1.6.16

(Dewan) 3/6

1875

6576 5/6/15

NOTE—Contn. sheet.

W D 2382—GPB—500—20-3-16

Submitted to His Highness.

× Q

23 It was decided last year to continue to levy for one year more from 1st May 1915 interest at 3 per cent on the interest bearing deposit of 5 lakhs placed with the Bank of Mysore by the Government.

24 2. The period having come to a close the rate at which interest is to be levied in future has again come up for consideration.

× Page 2 of office notes

25 3. The Financial Secretary was first of opinion that the Bank should allow on this deposit interest at 4½ per cent per annum, i.e., the rate which the Bank allows on fixed deposits from others. The Bank has another interest-free deposit from Government of 5 lakhs.

× ~~Page 2~~

26 4. The First Member (Mr. Nanjundayya) was for levying 4 per cent from 1st May 1916.

27 5. At my suggestion the Bank authorities were unofficially consulted in the matter and the Directors represent that the rate they are now paying is fair and may be continued permanently.

× Z

× L

× Page 4 of office notes

28 6. The Financial Secretary thereon noted that the rate be fixed at 4 per cent for one year from 1st May 1916.

× Page 3 of ~~Page 2~~

29 7. The matter was considered by the Council who are of opinion that the existing rate of 3 per cent may be continued for another year from the date of the expiry of the current term.

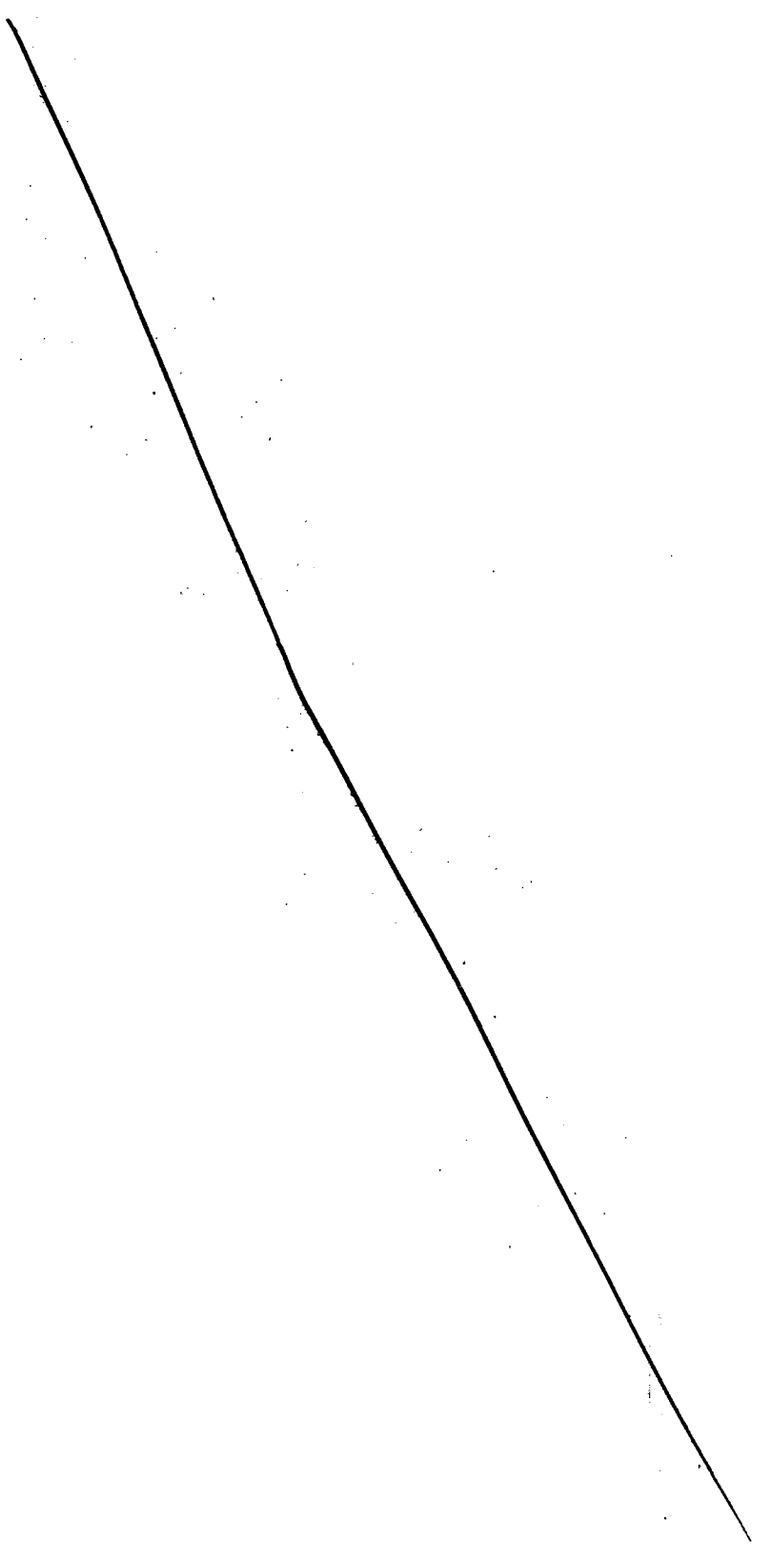
× Page 8 of ~~Page 7~~

30 8. The Financial Secretary still adheres to his opinion that 4 per cent should be recovered from the Bank.

319. I think we must deal generously with the Bank for some years to come and therefore the opinion of the Council may be graciously approved.

M. Visvesvaraya
23rd June 1916.

892



P.C.O

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

32

Question of fixing the rate of interest to be levied on the interest bearing deposit of five lakhs of -- rupees placed by Government with the Bank of Mysore.

1266.

33 *Order.*

29/6/16

1/2 12-4-16.

G. R. S. 26]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

, *the* 191 .

Date of issue 14-4-16

Signed by W Shanmugam

Section

File No.

Serial No.

No: H 5465

To W. C. Rose Esq
Manager
The Bank of Mysore
B'lore.

Dear Mr Rose,

Please refer to correspondence ending with my note dt 9657 G.R.S. 5-8-15 -1 dated 27.8.15 and kindly intimate at your earliest convenience the views of the Bank authorities regarding the rate of interest to be charged on the interest-bearing portion of the Govt

over.

MMC 13/4/16.

deposit with the Bank from 1st May 1916 onwards. In view of the prevailing market rate of interest and money market conditions ~~Government~~ I consider that the rate of 3% is too low and that the Bank should pay Govt at least the same rate of interest as it allows on fixed deposits of the general public.

Yours sincerely

11/5/16

List of enclosures.

Received

10/5/16

Copied by

Examined by

GPB—20,000—14-2-14

ALL COMMUNICATION TO BE ADDRESSED
TO THE MANAGER,
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A. B. C. 5TH EDITION.

The Bank of Mysore, Ltd.,

Bangalore, 19th April 1916

No. G 6/115.

Agency No. 2825

15-16
C7
58-15
-8

The Financial Secretary to the Government of His Highness
the Maharajah of Mysore,
Bangalore.

Dear Sir,

I am in receipt of your D/O No.5465 d/ 13th inst. asking me to intimate the views of the Directors regarding the rate of interest to be charged on the interest bearing portion of the Government deposit with the Bank from 1st May 1916 onwards, and in reply I am requested to inform you that the Directors are somewhat at a loss to give you a satisfactory reply as the question of a higher rate of interest on the 5 lakhs deposited by the Government, and at present bearing interest at 3% per annum, is dependent on whether the deposit is to be regarded by them as a concession to the Bank as sanctioned by Government Proceedings No.Fl.5121-73/B.9-12-2 d/ 12th March 1913, or as an ordinary deposit fixed for 12 months ranking pari passu with other creditors. Under the Government Order referred to it is apparent that the Government deposit was to be equal to the Paid-up capital of the Bank - one half to be free of interest and the other half at a reasonable rate of interest not less than 3% per annum, and the Directors venture to submit if this contention is correct that both the non-bearing and interest

paying deposits can only be looked upon by way of a generous concession to the Bank for the ten years fixed under the Government Order already referred to. This being so, it follows that the thing conceded i.e., the rate of interest coupled with the deposit itself should neither be contrasted with the rate of interest the Bank allows to the General public for yearly deposits, which is obviously the full market value, or even the average net return earned by the Government on its invested funds. Further, it can rightly be held that once a thing is granted as a concession it should always retain its original character, and not be altered annually or its value determined by abnormal financial conditions such as are now prevailing in the money markets of the world.

On the other hand if the Government deposit in question is to be looked upon as an ordinary twelve monthly deposit, it would scarcely be fair to demand the same rate of interest that this Bank allows on Fixed Deposits of the general public. We have the recent precedent of the Government of Gwalior depositing 20 lakhs at 3½% interest with a "foreign" Bank for the sole purpose of inducing that Bank to open a Branch at Gwalior without any Government control or supervision over its operations. The Directors have no wish to unduly profit in this matter at the expense of the Government, but they venture to think the rate

now payable by the Bank is both fair and compares favorably with the net return earned by the Government on the invested portion of its surplus funds. The Directors can with confidence leave the matter in the hands of the Government as they ~~feik~~ feel sure that the Bank will continue to receive the same generous and fair treatment that has hitherto been accorded to it, and that there will be no change of policy.

Yours faithfully,

Manager.

67

G. R. S. 26]

File No.

Serial No.

90

Diary No. of letter replied to 2825

No. H 223

General and Revenue Secretariat

(G)

, *the* *191* .

To

G 7 July 16

Dear ~~Sir~~ ~~Rose~~ Sir,

Date of issue 7-7-16

Signed by Mr Shamanna

With reference to correspondence ending with your letter No G 6/115-8 19-4-1916, I am directed to State that ~~the~~ the rate of interest on the interest bearing deposits left by Govt with the Bank may continue ~~on the same terms~~ as heretofore

Govt have decided that

over.

SUBJECT.

W. 7.7.16

No 7C 2176
of 19 Nov 14

Gen & Rev Sec II

Dear Sir,

Please refer to your
G 1/15 2 dated 12-8-1914
to the Comptr in the
matter of the Bank
undertaking the carriage of
and the collection of Cheques on
some Promissory notes
belonging to Govt - was I
know of, is to be understood
from the letter from the
Bank with charge
paid a/c no 9/18 7/0

on the amount of interest
collected but no
withdrawal for
the
[illegible]
[illegible]
[illegible]

ALL COMMUNICATION TO BE ADDRESSED
TO THE MANAGER,
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A, B. C. 5TH EDITION.

Copied.

The Bank of Mysore, Ltd.,

Bangalore, 8th July 1916

No. GC 7/9598

Fn. 37 f16

MR

11 M 10.7.16

S. Shamanna, Esq.
General & Revenue Secretariat,
Bangalore.

Dear Sir,

re: GOVERNMENT INTEREST BEARING DEPOSIT.

I beg to acknowledge receipt of your D/O letter dated 7th inst. No.Fl.223/G.F.58-15 and note contents with thanks.

Yours faithfully,

Manager.